BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED WATER ADJUSTMENT   )
OF WACO WATER DISTRICT   )   CASE NO. 91-199

O R D E R

On June 24, 1991, Waco Water District ("District") filed its revised tariffs with the Public Service Commission ("Commission") for the purpose of adjusting its rates pursuant to the purchased water adjustment procedure, KRS 278.015 and 807 KAR 5:068. In its filing, the District had used incorrect numbers in stating the amount of water purchased, resulting in an incorrect adjustment to the present rates. On July 15, 1991, the District filed corrected water purchases and the record is now complete.

The Commission, having reviewed the evidence of record and being sufficiently advised, finds that:

1. The District purchases water from the city of Richmond ("Richmond"). Prior to this case, Richmond billed the District on a five step declining block rate schedule based with decreasing charges per cubic feet purchased. Richmond has changed the rate structure it charges its wholesale customers to a flat charge per 100 cubic feet.

2. Effective with bills mailed July 1, 1991, Richmond increased its rates to the District from approximately $.95 to $1.30 per 100 cubic feet. Based on a 5,000 gallon average monthly

usage, the average monthly bill for the District's customers will increase from $15.39 to $18.06, which is an increase of 17.3 percent.

3. The District proposes to increase the rates to its customers effective July 1, 1991.

4. During the 12 months ending April 30, 1991, the District purchased 19,208,400 cubic feet of water and sold 16,843,768 cubic feet.

5. The calculations made by the District are incorrect in that they did not use the correct purchases in determining the purchased water costs.

6. The correct increase in purchased water cost is $67,380, resulting in a purchased water adjustment of 40 cents per 100 cubic feet as shown in Appendix B.

7. The purchased water adjustment of 40 cents per 100 cubic feet and the rates in Appendix A, attached hereto and incorporated herein, are fair, just, and reasonable and should be approved.

IT IS THEREFORE ORDERED that:

1. The District's proposed tariff and rates are hereby denied.

2. The rates in Appendix A are approved for service rendered on and after July 1, 1991.

3. Within 30 days of the date of this Order, the District shall file its revised tariff setting out the rates approved herein.

Done at Frankfort, Kentucky, this   22nd day of July, 1991.

PUBLIC SERVICE COMMISSION

_____
Chairman

_____
Vice Chairman

_____
Commissioner

ATTEST:

_____
Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 91-199 DATED 7/22/91

The following rates and charges are prescribed for the customers in the area served by Waco Water District. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

Usage Blocks	Monthly Rates
First 175 cubic feet	$6.13 Minimum Bill
Next 225 cubic feet	2.64 per 100 cubic feet
Next 300 cubic feet	2.24 per 100 cubic feet
Next 500 cubic feet	1.94 per 100 cubic feet
Next 1,000 cubic feet	1.74 per 100 cubic feet
Over 2,200 cubic feet	1.54 per 100 cubic feet

APPENDIX B

PURCHASED WATER ADJUSTMENT CALCULATIONS

Water Purchased: 19,208,400 cubic feet
Water Sold: 16,843,768 cubic feet

Cost at Changed Rate:

19,208,400 cubic feet x $1.30 per 100 cubic feet = $249,709.20

Cost at Base Rate:

First	300 c.f. x 36*	10,800 c.f.	36 x $5.65	= $	203.40
Next	400 c.f. x 36	14,400 c.f.	1.65	=	237.60
Next	5,000 c.f. x 36	180,000 c.f.	1.50	=	2,700.00
Next	5,000 c.f. x 36	180,000 c.f.	1.25	=	2,250.00
Over	10,700 c.f.	18,832,200 c.f.	.94	=	176,938.08
					$182,329.08

*Waco purchases water at 3 locations (3 x 12 = 36 months)

Total increase in purchased cost: $ 67,380.12

$67,380.12 ÷ 16,843,768 cubic feet = 40 cents/ccf